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RECEIVED: 01 MAR 95 14

TO: LAKE

CHRON FILE

FROM: HESLIN
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DOC DATE: 13 MAR 95
SOURCE REF:

KEYWORDS: RUSSIA
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INTL TRADE

PERSONS:

SUBJECT: PRES LTR TO SEN SMITH & ET AL RE TEXTILE IMPORTS FM FORMER SOVIET
UNION

ACTION: OBE PER WWD

DUE DATE: 04 MAR 95 STATUS: C

STAFF OFFICER: BLACKER

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ACTION DATA SUMMARY REPORT

RECORD ID: 9501629

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CAO ASSIGNED ACTION REQUIRED

001 BLACKER
002 LAKE
002 HESLIN
003 LAKE
003

Z 95030114 PREPARE MEMO FOR LAKE
Z 95031613 FWD TO PRESIDENT FOR SIG
Z 95032116 FOR FURTHER ACTION
Z 95032116 FWD TO PRESIDENT FOR SIG
X 95082509 OBE PER WWD

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

1629 *fedo*

March 13, 1995

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: COIT D. BLACKER *COB*
FROM: SHEILA HESLIN *SH*
SUBJECT: Presidential Letter to Senator Smith and
Other Members of Congress on Textile Imports
from the Former Soviet Union

Attached is a Presidential letter of response to Senator Bob Smith and five other members of Congress, who wrote to express their concern about textile imports from the countries of the former Soviet Union, particularly Russia.

Concurrence by: *WD* William Danvers, *KM* Kathryn Mack

RECOMMENDATION

That you sign the attached memorandum to the President.

Attachments

Tab I Memorandum to the President
Tab A Letters to Senator Smith and other Members of
Congress
Tab B Incoming

TAB I

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
LAURA D. TYSON
PATRICK GRIFFIN

SUBJECT: Letter to Senator Smith and Other Members of
Congress on Textile Imports from Russia

Purpose

To reply to a letter from Senator Smith and five other members of Congress on textile imports.

Background

Senator Smith and five other members of Congress wrote to you to express their concern that textile imports from Russia threaten woolen mills in New England and to urge negotiation of a bilateral agreement limiting imports of Russian wool coats. Your response notes that the expansion of mutually beneficial trade and investment is a key to advancing our strategic goal of transforming Russia from adversary to partner and that you remain committed to that goal. At the same time, you inform them that we are monitoring Russian imports carefully and that the Administration has been in touch with executives from the woolen mills and from the Northern Textile Association and assure them that any action will take full account of the interests of U.S. textile producers.

RECOMMENDATION

That you sign the letters to Senator Smith and other members of Congress at Tab A.

Attachments

Tab A Letters to Senator Smith and other members of Congress
Tab B Incoming

TAB A

THE WHITE HOUSE

WASHINGTON

Dear Senator Smith:

Thank you for your letter regarding the import of woolen textiles and apparel from Russia. Over two years ago, we set a course that enables us to serve our goals and to advance our most basic interest in the transformation of Russia, Ukraine and the other new independent states of the former Soviet Union from adversaries to partners. Encouraging the expansion of mutually beneficial trade and investment has been a key element of our strategy to promote reform and strong partnerships.

We have been closely monitoring Russian textile shipments to the U.S. in recent months and remain committed to finding a solution to this problem. Officials from the Administration have met on several occasions with executives from New England woolen mills and the Northern Textile Association to ensure that we have a clear understanding of industry views on this matter. Let me assure you that any actions by the Committee for the Implementation of Textile Agreements will take full account of the interests of U.S. textile producers.

Again, thank you for your letter on this important issue.

Sincerely,

The Honorable Bob Smith
United States Senate
Washington, D.C. 20510-2903

The Honorable John Baldacci
House of Representatives
1740 Longworth House Office Bldg.
Washington, D.C. 20515-0534

The Honorable Charles Bass
House of Representatives
1728 Longworth House Office Bldg.
Washington, D.C. 20515-3008

The Honorable William S. Cohen
United States Senate
322 Hart Senate Office Bldg.
Washington, D.C. 20510-1901

The Honorable Judd Gregg
United States Senate
393 Russell Senate Office Bldg.
Washington, D.C. 20510-2904

The Honorable Bob Smith
United States Senate
332 Dirksen Senate Office Bldg.
Washington, D.C. 20510-2903

The Honorable Olympia J. Snowe
United States Senate
176 Russell Senate Office Bldg.
Washington, D.C. 20510-1902

TAB B

Statt to Chip Blaker 1629
cc: T. Lake

Congress of the United States
Washington, DC 20515

February 22, 1995

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to express our serious concern about an issue that is particularly threatening to woolen mills in New England and across the country.

Textile imports from the countries of the former Soviet Union have been increasing at alarming rates over the past two years. American textile manufacturers are currently endangered by rapidly rising imports from the Russian Republic. In 1992, Russia exported 288 women's and girls' wool coats to the United States. In 1993, that figure rose to 212,388, and during the first nine months of 1994, Russia exported 504,924 women's and girls' coats to the United States, a 272 percent increase over the same period in 1993.

Of the 15 countries with specific import limits for this category in 1994, only one country had a twelve-month limit higher than the amount coming in from Russia in only nine months. The average restraint level among the 15 countries under specific limits was 316,836 coats per year. Russia is exporting to the U.S. twice that many coats with no negotiated limit.

While we appreciate that the Administration was able to negotiate a limit on Ukrainian imports of wool coats, that limit is so high that it provides limited relief for the American industry. The newly negotiated restraint level of 1,020,000 coats from Ukraine represents fabric amounts equal to the entire yearly output of a typical New England woolen mill. Many New England woolen mills have experienced layoffs and temporary shutdowns as a result of the competition from low-priced producers in Eastern Europe. Currently, imports from Russia are surging absent restraint by any negotiated limit. Without some meaningful action, the very survival of these and other American textile mills is at stake.

The President
February 22, 1995
Page 2

The United States has authority to begin negotiations to establish a bilateral agreement with Russia to limit wool coat imports. It is imperative that the Administration exercise this authority and initiate negotiations immediately, because Russian imports are rising rapidly. Failure to act quickly to secure a reasonable restraint level for Russia will be disastrous for domestic woolen mills.

Sincerely,

Bob Smith

Dymally Snowy

Charles F. Bass

TECO
Cohen

John E. Ballentine, Jr.

John E. Ballentine, Jr.

cc: The Honorable Robert B. Reich, Secretary of Labor
Ms. Laura D'Andrea Tyson, National Economic Council
✓ Mr. Anthony Lake, National Security Council